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Long-Term Economic Trends in the Canned Clingstone Peach Industry

by

Sidney Hoos and J. N. Boles

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Long-Term Economic Trends in the Canned Clingstone Peach Industry

Sidney Hoos[1] and J. N. Boles[2]

Introduction

Economic developments in the California clingstone peach canning industry are particularly significant at this time. The industry has now completed a period of twenty-five years in which formal programs oriented towards the stabilization of prices and other economic factors in the industry have been used. This brief report surveys some of the significant economic developments and trends which have occurred during the past quarter of a century. The developments will be briefly commented upon under the headings of Production, Bearing Acreage and Yield, Pack and Movement, and F.O.B. Prices.

Production

Although there have been fluctuations from year to year, the long-term trend in California production of clingstone peaches has been upward. The picture is outlined in Figure 1 where are shown harvested production annually and also by five-year averages. For a series of several years, beginning with the 1926 season, production was at an unusually high level compared with earlier years. All the years from 1926 through 1931, with the exception of 1929, were years of production much above the long-term trend. Figure 1 shows clearly why industry stabilization efforts were introduced in the latter half of the 1920's.

By the middle of the 1930's, production had receded back to the long-term trend reflected in the years up to 1925. Beginning with 1944 and 1945, however, annual production again tended to be above the long-term trend, although the excess was not relatively as great as during the late 1920's. This marked upward trend in the production of California clingstone peaches reflects certain trends in bearing acreage and yields.

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By the middle of the 1930's, production had receded back to the long-term trend reflected in the years up to 1922. Beginning with 1934 and 1935, however, annual production again tended to be above the long-term trend, although the excess was not relatively as great as during the late 1920's. This marked upward trend in the production of California clingstone peaches reflects certain trends in bearing acreage and yields.

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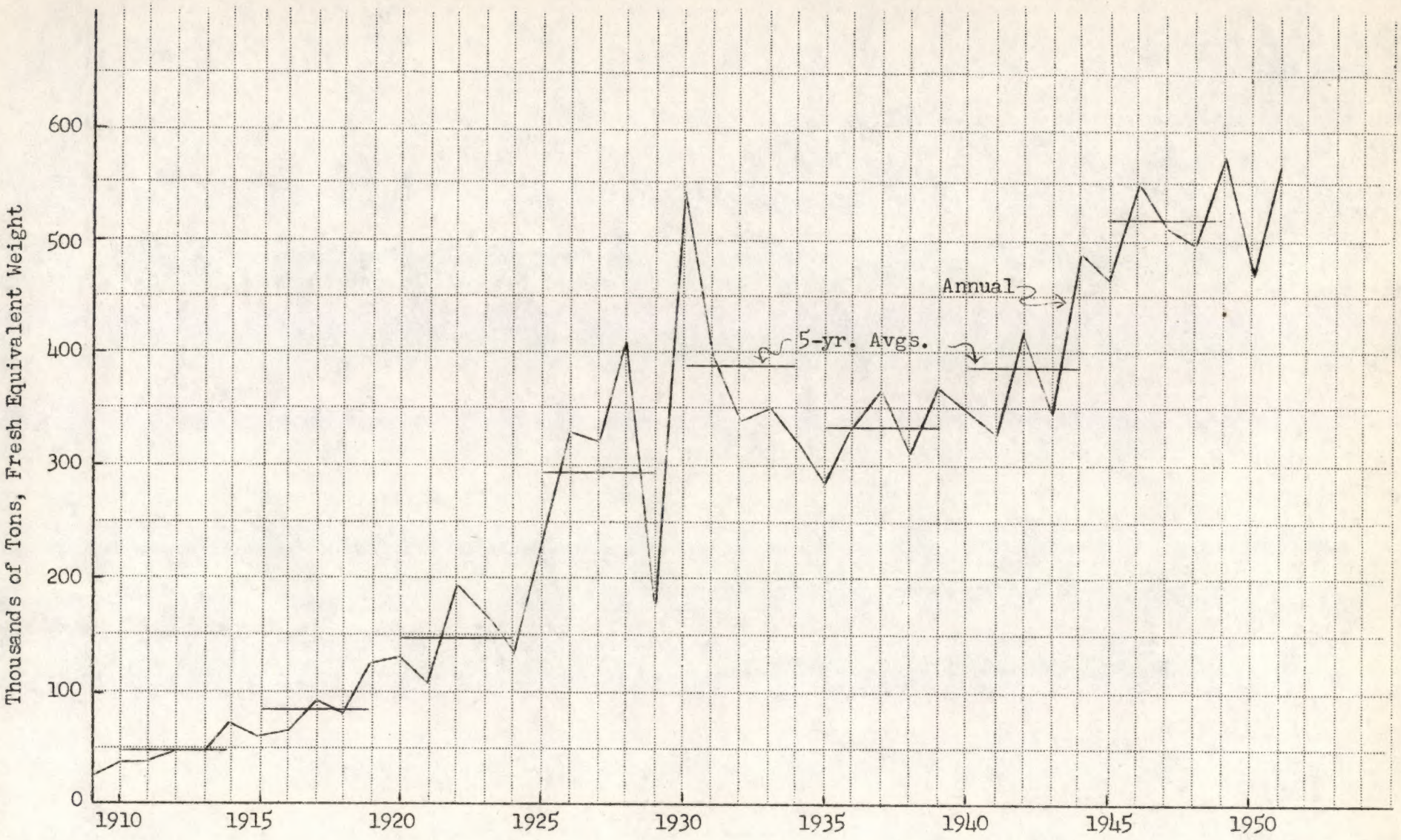

Fig. 1 - California Production of Clingstone Peaches, Annually and Five-Year Averages, from 1909

Bearing Acreage and Yield

The trend of clingstone peach production in California since 1927 has resulted from the interaction of the trends in bearing acreage and yield per bearing acre. These trends are shown in Figure 2. It may be noted that bearing acreage tended to follow a decreasing trend from the late 1920's until the latter half of the 1930's. Bearing acres decreased from about 75,000 acres in 1928 to about 37,000 in 1938, and from then continued at about that level through 1941. Beginning with 1942, bearing acreage again began to rise and reached its most recent peak of slightly more than 50,000 acres in 1948; since then, bearing acreage again began to decline. The annual levels of bearing acreage, as well as the five-year averages, are shown in Figure 2.

Yield per bearing acre of California clingstone peaches has followed a constant upward trend from year to year despite the annual fluctuations. This rise in trend and yield has resulted from improved management practices, changes in varieties, changes in the age distribution of the trees, as well as technological developments.

It is of some significance to note that the long-term upward trend in yield was sufficient to more than offset the declining bearing acreage during most of the 1930's. From the late 1930's until the late 1940's rising trends in both bearing acreage and yields accounted for the upward trend in production. Since 1948, however, increased yields were necessary to offset declining bearing acreage.

Pack and Movement

The production of California clingstone peaches has been reflected in the pack and movement. The trend in packs is evident from review of the lower segments of the vertical bars in Figure 3. There also are shown canners stocks at the beginning of the year. Thus, beginning stocks plus packs, as shown by the vertical bars in Figure 3 indicate total supplies available from canneries. The trends in such supplies since 1927 have been upward. Compared with 1927-28 and

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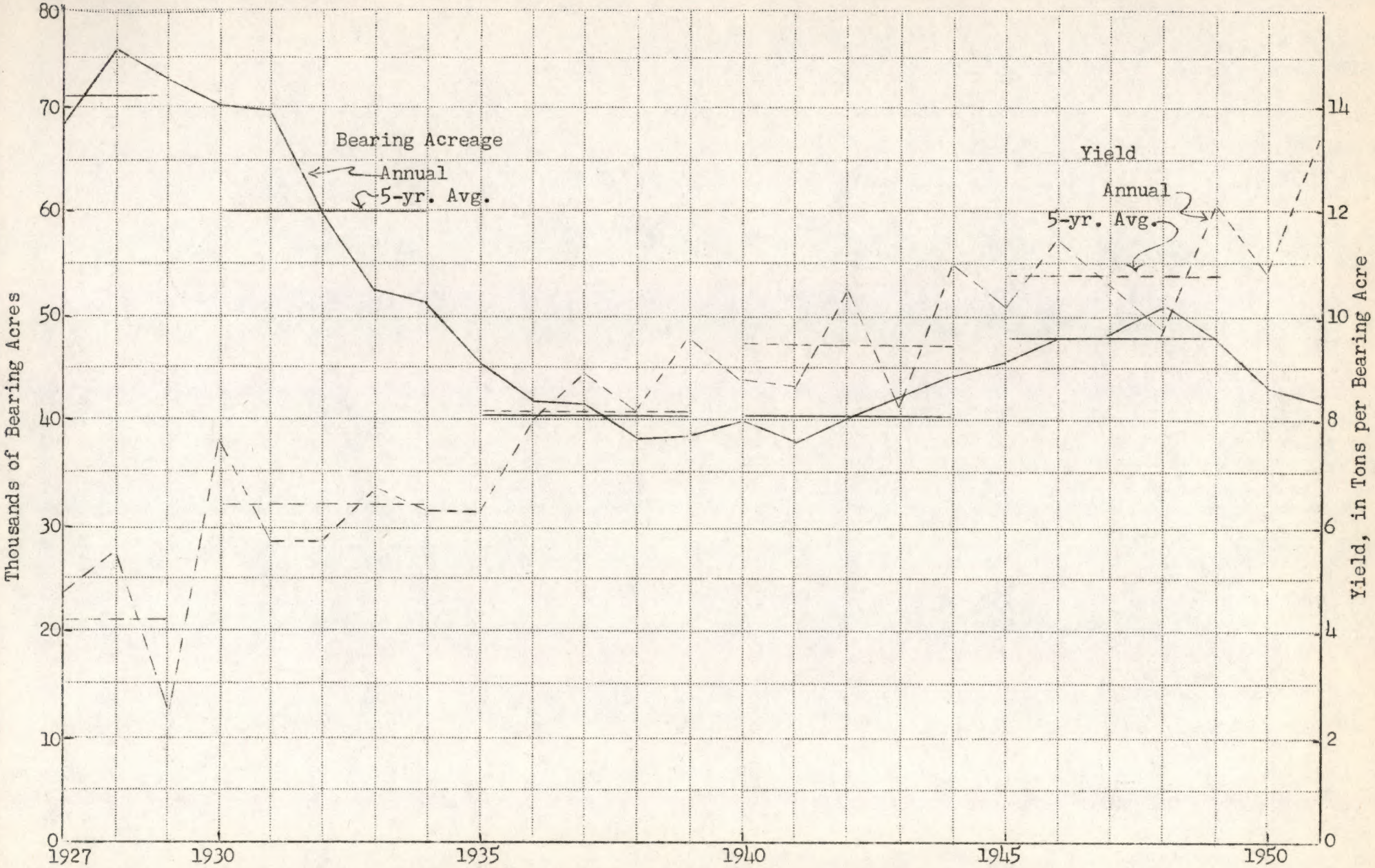
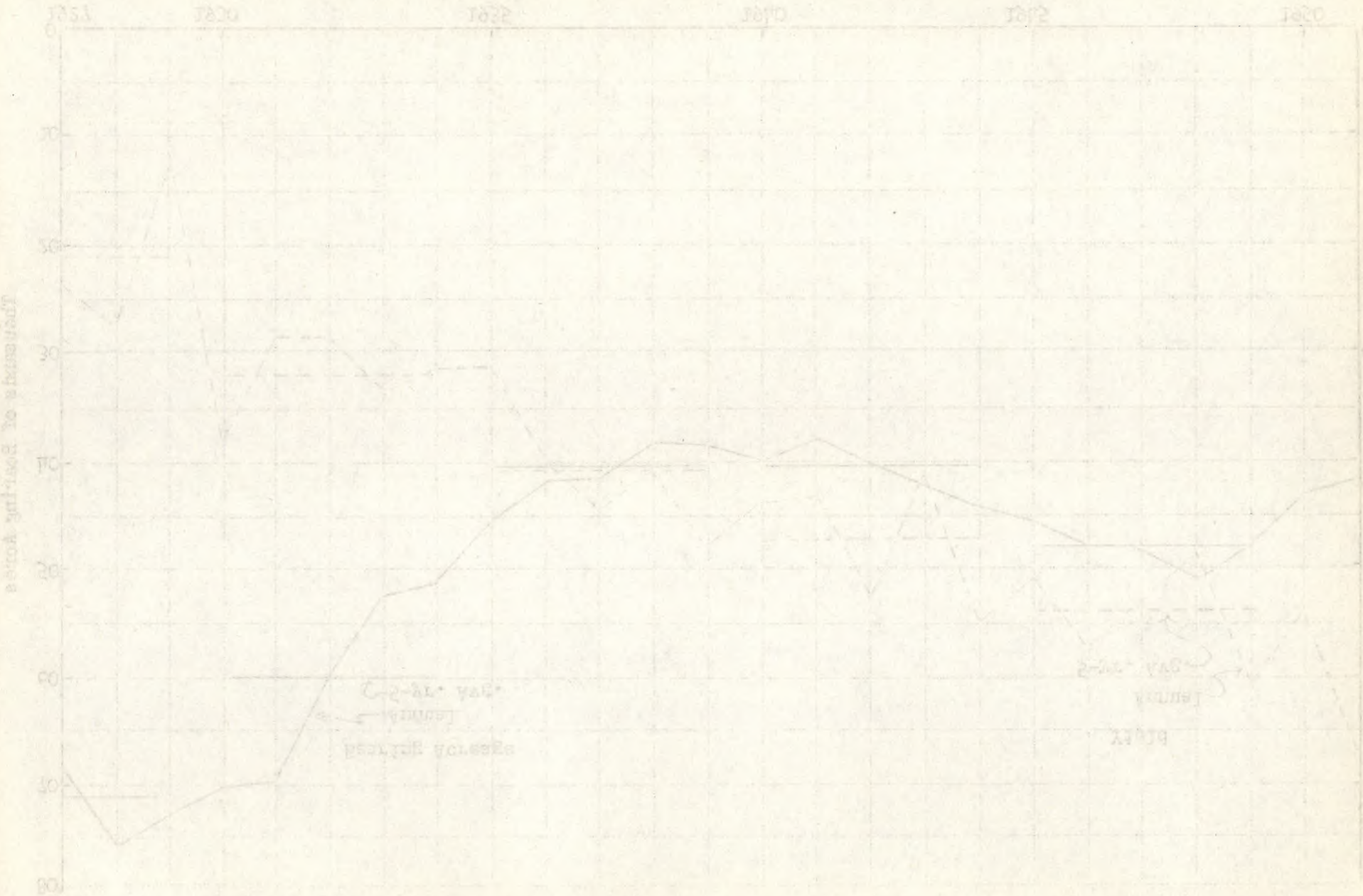


Fig. 2 - California Bearing Acreage and Yield of Clingstone Peaches, Annually and Five-Year Averages, from 1927



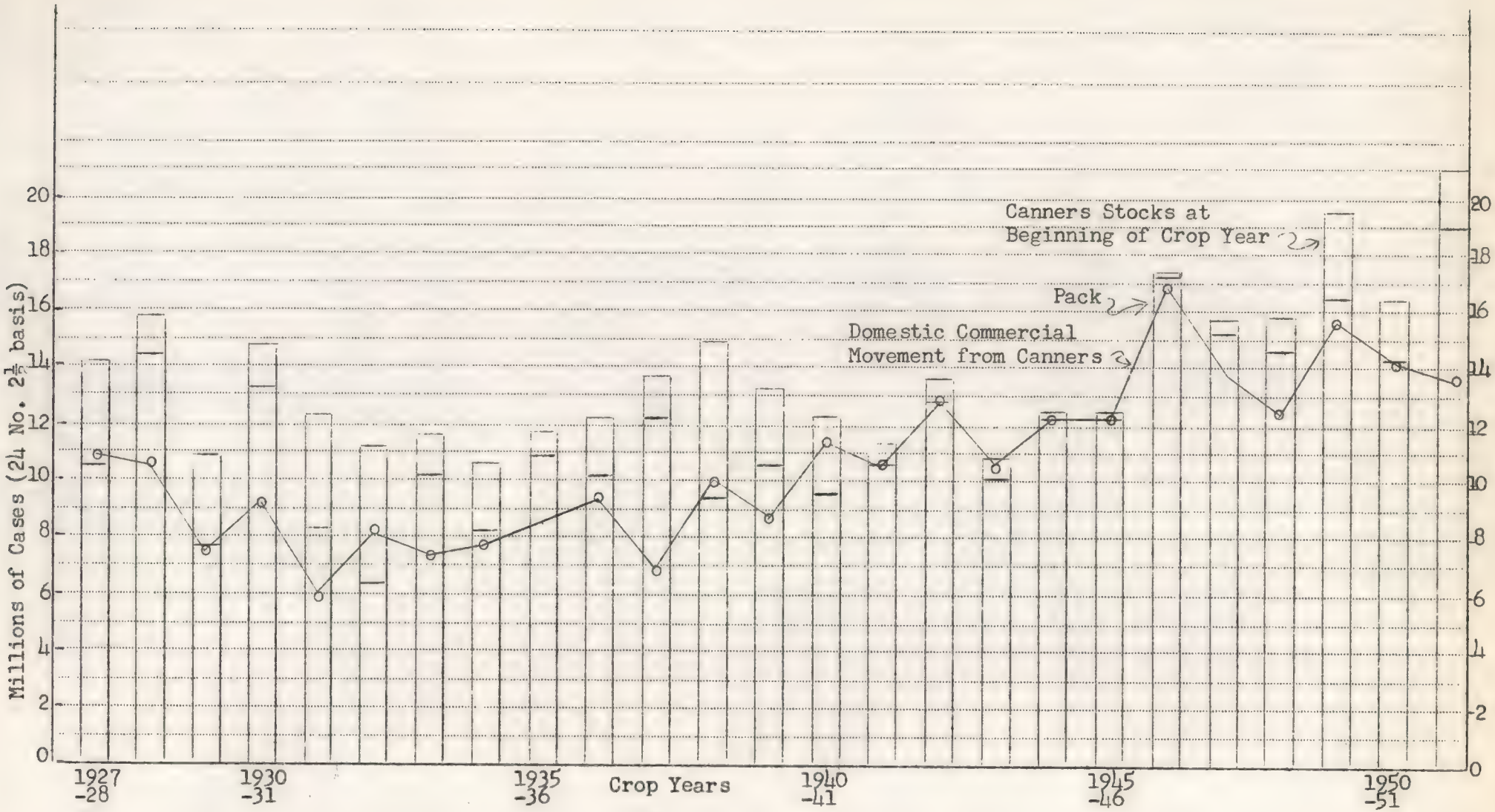


Fig. 3 - Clingstone Peaches--California Pack, Carryover, and Domestic Commercial Movement from Canners, from 1927-28

1928-29, the levels during the postwar years do not appear to be relatively large. However, the years 1927-28 and 1928-29 were years of high production for that decade, as noted earlier under Production. Compared with the average level of the middle 1930's, the level of the postwar years in pack and total supplies is higher to a considerable degree. Of particular interest here is the behavior of what may be termed "domestic commercial movement from canners." Such figures are also shown in Figure 3. They indicate the trend of supplies from canneries to the commercial markets in this country; exports and sales to the government (armed forces and school lunch) have been excluded. Although the annual figures of "domestic commercial movement from canners" may not accurately be considered as measures of consumption, because they do not directly reflect inventory changes in the rest of the pipeline from cannery to consumer, the trend in the "domestic commercial movement from canners" may be considered to reflect the trend in consumption. Thus, it appears that although there may have been some decline in trend in the apparent consumption disappearance during the late 1920's and early 1930's, from then until now there has appeared to be an upward trend. This upward trend, however, must be interpreted with caution, especially during the years immediately following World War II, when a good deal of the movement from canneries went into the refilling of pipelines rather than into consumption. But it is, nevertheless, reasonably clear that under the period as a whole, during the last quarter of the century the long-term trends of domestic commercial movement from canners, in total, has been upward. This is clearly evident from examination of Figure 3.

In connection with the pack and movement, it may be noted that the preceding comments pertain to clingstone peaches pack as such. The data do not reflect cling peaches packed in or as part of fruit cocktail, fruit salad, or mixed fruits. As is well known, during the past two decades there has been a phenomenal growth in the pack and movement of fruit cocktail. And that pack has been taking significant quantities of clingstone peaches. Another not

insignificant claimant of the harvested production of cling peaches is the baby food outlet which also has developed remarkably within the past two decades. These related outlets--fruit cocktail and baby foods--have aided in relieving some of the pressure from the increasing trend of clingstone peach production and account for the fact that the pack and movement of canned cling peaches as such has not increased to the extent that the production of clingstone peaches has increased in the past quarter century. But, in this connection, the development in canned freestone peaches may be briefly noted.

Since there apparently are market demand relations between canned clingstone peaches and canned freestone peaches, the pack, carry-over, and canners' shipment developments for California freestone peaches are shown in Figure 4. During the several past years the pack and movement of California freestone peaches has averaged higher than at any time during the past quarter of the century. To indicate the relative magnitudes of the totals of the clingstone and freestone pack and movement in the past several years, it may be noted that as an over-all average the freestone volume is about 10 per cent of the clingstone volume. There are, of course, freestones canned in other states, although clingstones are produced and canned only in California.

When considering clingstone domestic commercial movement from canners, as noted above, the figures were industry totals. Thus, in total terms, domestic commercial movement of clingstone peaches has tended to follow an upward trend during the past quarter of the century. Since population--which influences to a considerable degree the extent of the market--has increased during the period, there is a question as to whether commercial movement on a per-capita basis has also had a rising in trend. Evidence on this point is outlined in Figure 5, which shows the estimated annual civilian population (excludes armed services) since 1927; also is shown the total domestic commercial movement from canners; and these figures divided by the civilian population figures give the domestic commercial movement on a civilian per-capita basis. Examination of Figure 5 indicates that

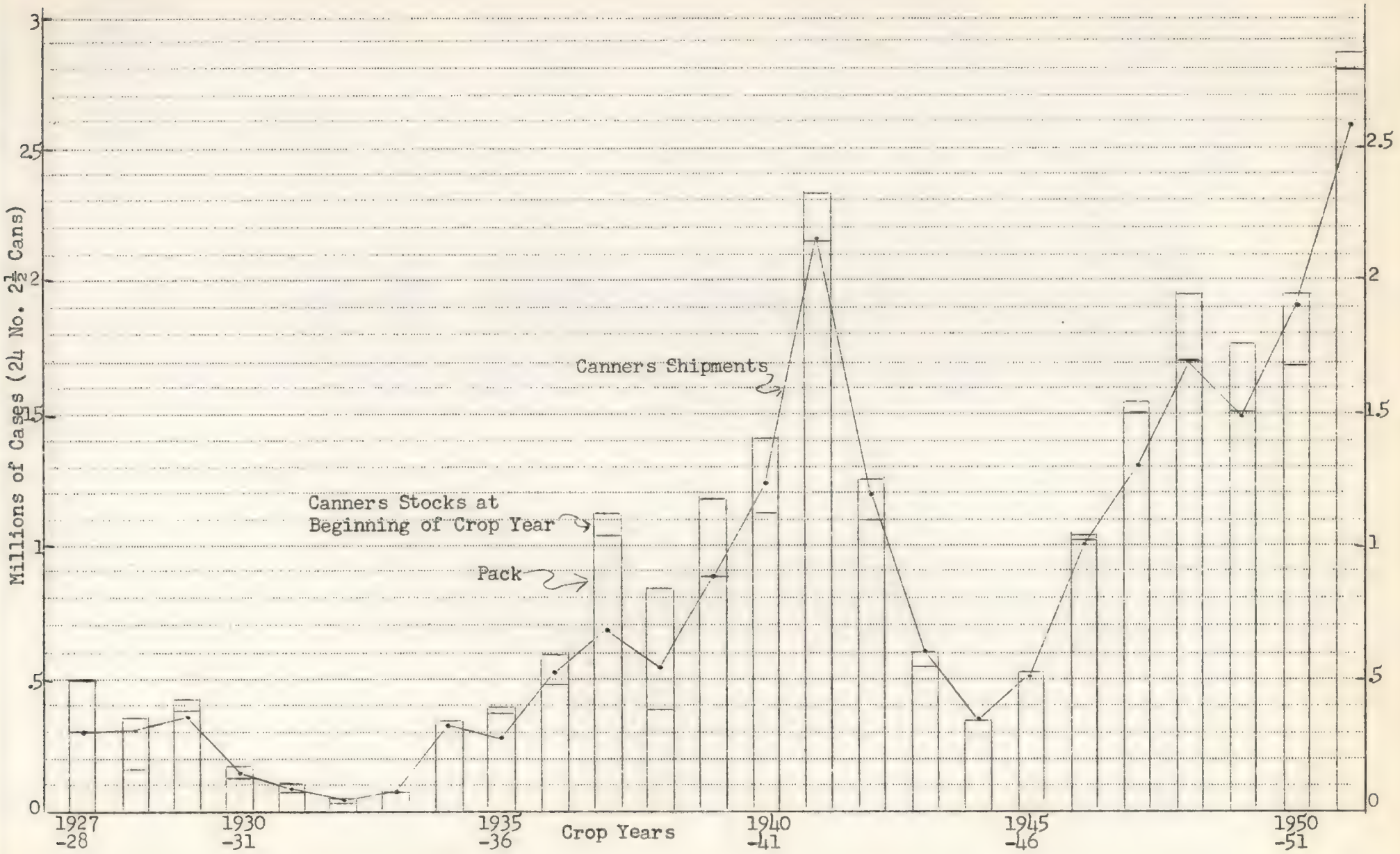


Fig. 4 - Freestone Peaches--California Pack, Carryover, and Shipments, Annually from 1927-28

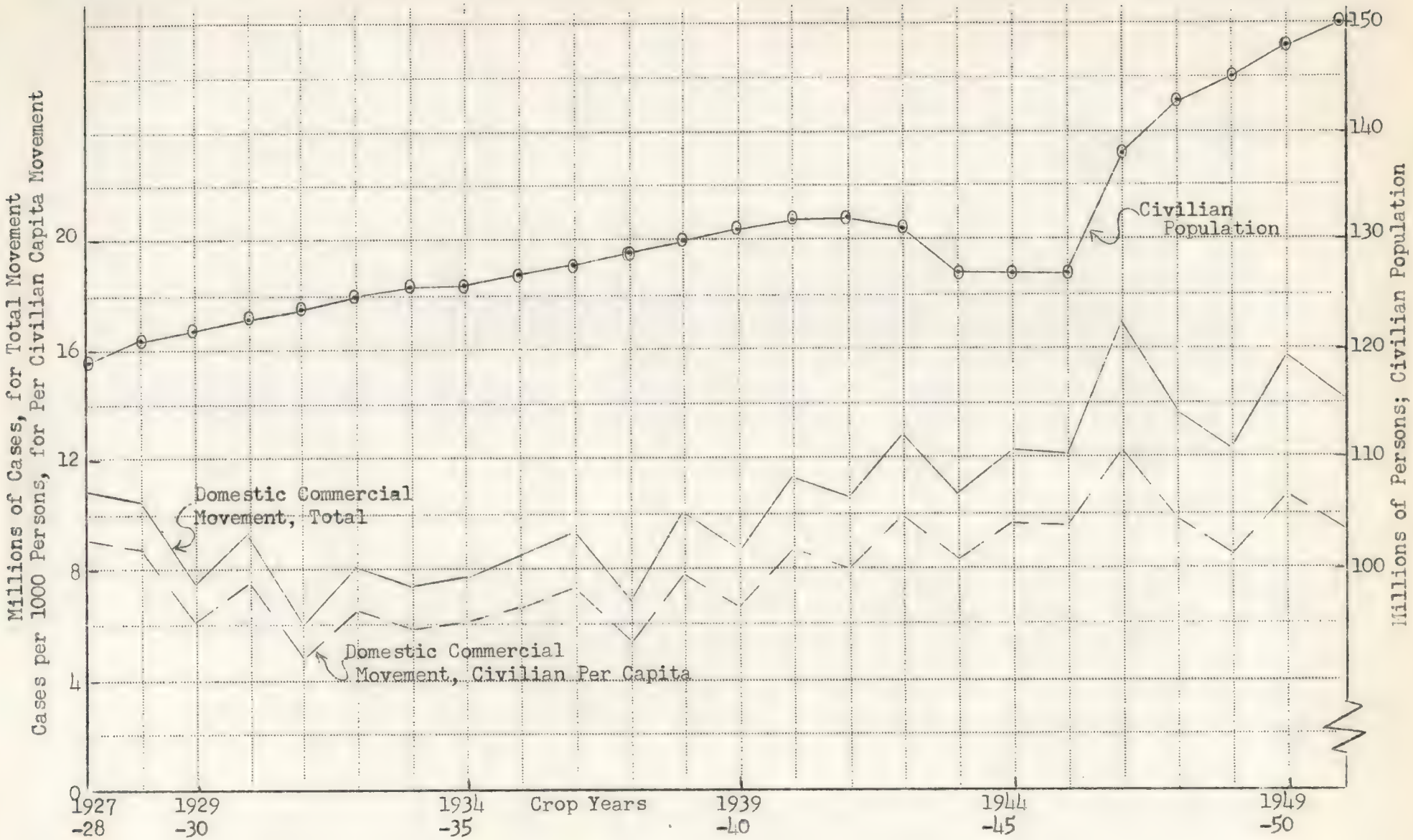


Fig. 5 - U.S. Civilian Population: Domestic Commercial Movement of Cling Peaches from Canners, Total and Per Civilian Capita, Annually from 1927-28

the civilian domestic per-capita movement has tended to follow an upward trend, although the trend does not appear to be quite as strong as that for total movement. This occurs because the trend of civilian population also increased, particularly in recent years. In the review of the per-capita commercial movement, as earlier in the total commercial movement, distinction must be made between the situation in 1927-28 and 1928-29 when unusually large production and packs occurred in relation to the then current trend as compared with the production and movement average level during the postwar years. When one compares the average level of domestic commercial movement on a civilian per-capita basis for the postwar years, with the levels of earlier years, it makes considerable difference whether the figures for the late 1920's are used as a basis for comparison or the figures for the early and middle 1930's are used as a basis for comparison. In any event, it is clear that for the period as a whole there has been an upward trend in civilian per-capita domestic commercial movement although this trend is not quite as marked as that of the total domestic commercial movement.

F.O.B. Prices

The relative positions of the f.o.b. prices of the major canned fruits are outlined in Figure 6. There are shown industry average f.o.b. prices for canned California clingstone peaches, as well as Pacific Coast canned Bartlett pears, California canned apricots, and Hawaiian canned sliced pineapple. One may note that to a considerable degree there appears to be correlation between the year-to-year changes and the over-all movement of the several canned fruits. In the prewar years, the f.o.b. prices of California canned clingstone peaches tended to average lower (in terms of dollars per case) than the prices of the other canned fruits. This tendency continued for clingstone peaches in the postwar years when comparisons are made with Bartletts and pineapple; but the spread between apricots and clingstone peaches has narrowed so that their averages are about equal for the postwar years. One may suggest a broad generalization in terms of dollars per case that at the f.o.b. level California clingstone peaches

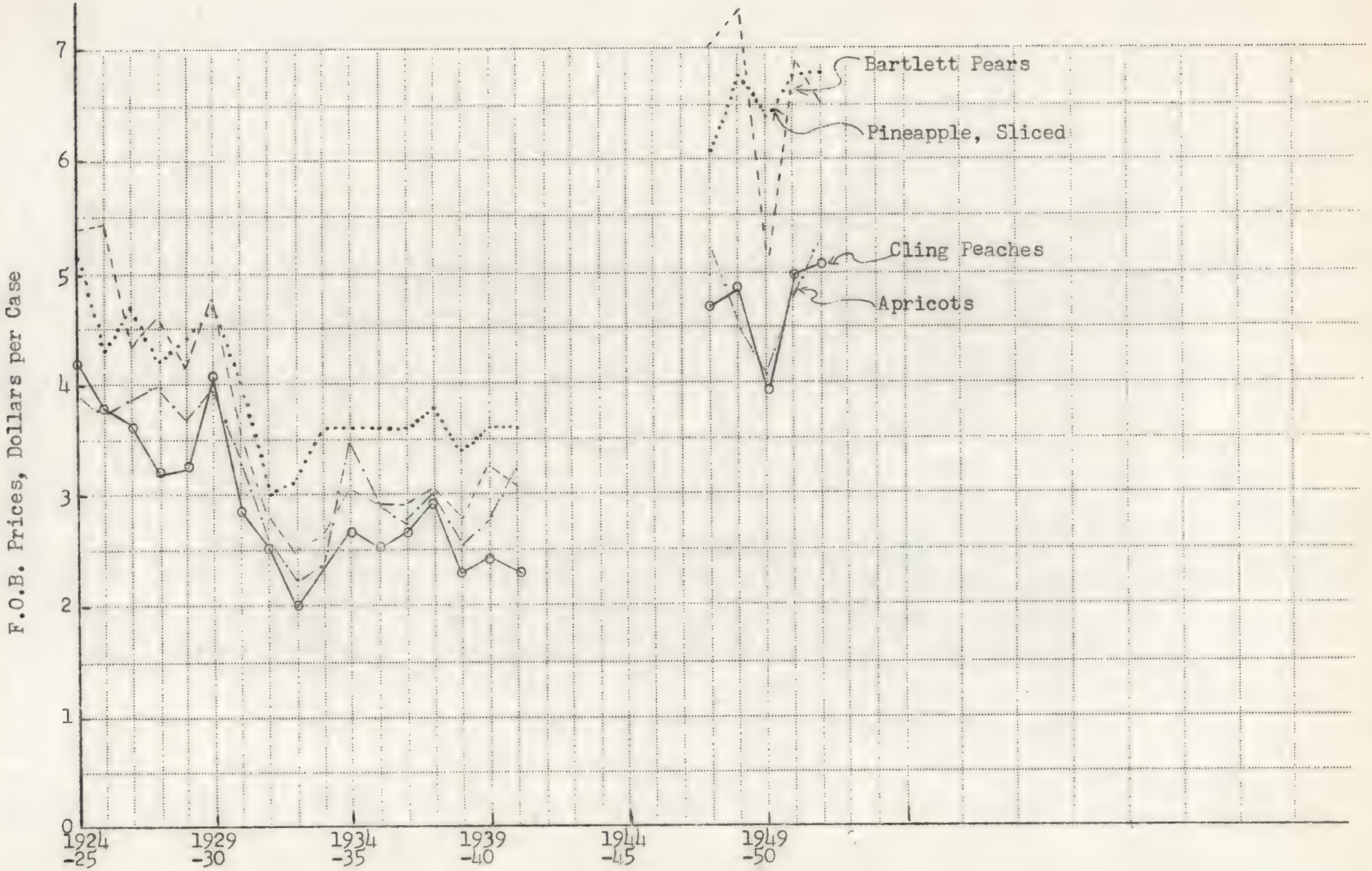


Fig. 6 - F.O.B. Prices, Canned Clingstone Peaches and Other Canned Fruits, Annually from 1924-25

have tended to maintain their competitive position, price-wise. The narrowing of the spread between clingstones and apricots has, in part, been offset by a widening of the spread between the other two canned fruits, Bartlett pears and sliced pineapple.

In addition to comparing the trends in the price of canned clingstone peaches with the trends of other canned fruits, the relative level of canned clingstone peaches may be compared with the prices of other products. Such is done in Figure 7 where are plotted national indexes of wholesale food prices and wholesale fruit and vegetable prices, respectively, along with an index of f.o.b. prices of canned clingstone peaches. For purposes of comparison, all three of these indexes are on the same base, 1926 equals 100 per cent. Reference to Figure 7 indicates that aside from the year-to-year variations, the trend in f.o.b. prices of clingstones during the prewar years followed fairly well the trends of wholesale food prices in general, and wholesale fruit and vegetable prices in general. In the postwar years, however, the situation is somewhat different. It appears that f.o.b. prices of canned clingstones had not risen as much as wholesale fruits and vegetables in aggregate and very much less than did the wholesale price of food in general. Thus, on an over-all basis, it appears that the level of f.o.b. prices of canned clingstone peaches in the postwar years, as compared with the prewar years, has risen much less than did the levels of fruits and vegetables in total and especially foods in total.

Population, Income, and Domestic Commercial Movement

As a summary picture of the developments related to the long-term growth in the production and marketing of clingstone peaches, through domestic commercial channels, reference is made to Figure 8. There is shown the trends developed during the past quarter of the century in domestic commercial movement of clingstone peaches from canners, national nonagricultural income, and civilian population. Domestic commercial movement of clingstone peaches from canners followed very closely, in terms of rate of growth, national income during the prewar years.

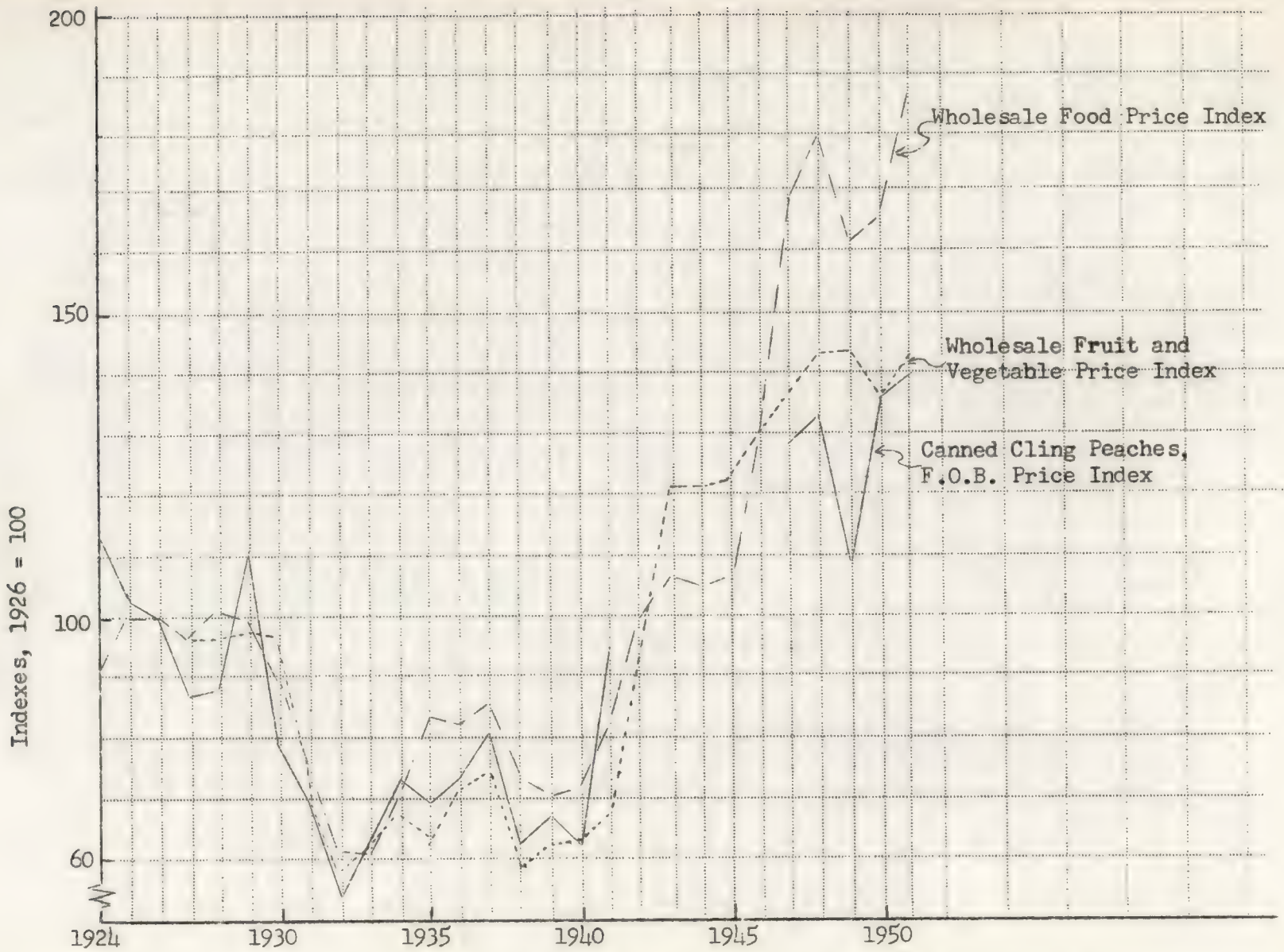


Fig. 7 - Indexes of F.O.B. Canned Cling Peach Prices, Wholesale Fruit and Vegetable Prices, and Wholesale Food Prices, Annually From 1924

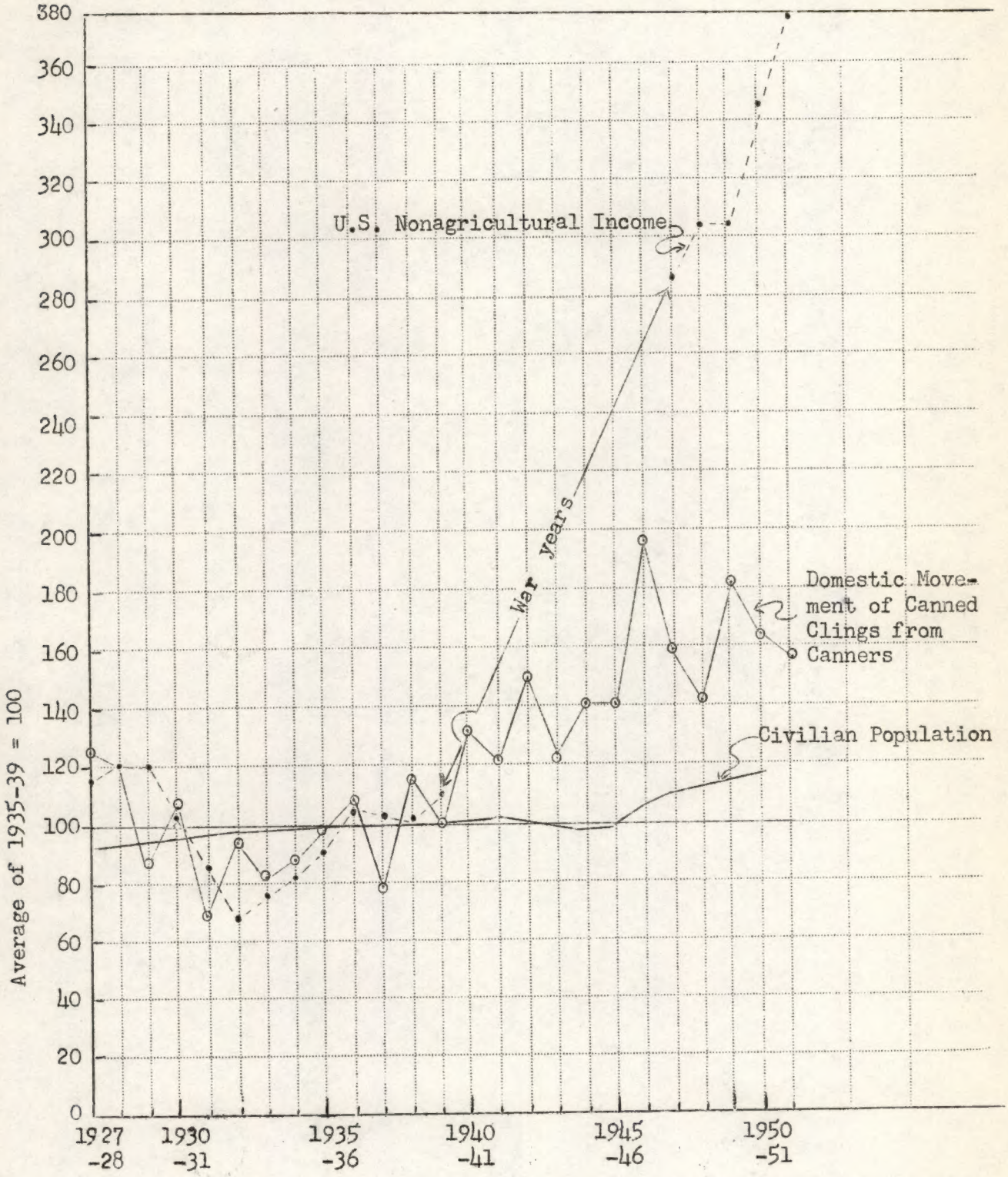


Fig. 8 - Domestic Movement of Canned Clings from Canners, National Nonagricultural Income, and Civilian Population, from 1927-28 (Indexes, 1935-39 = 100)

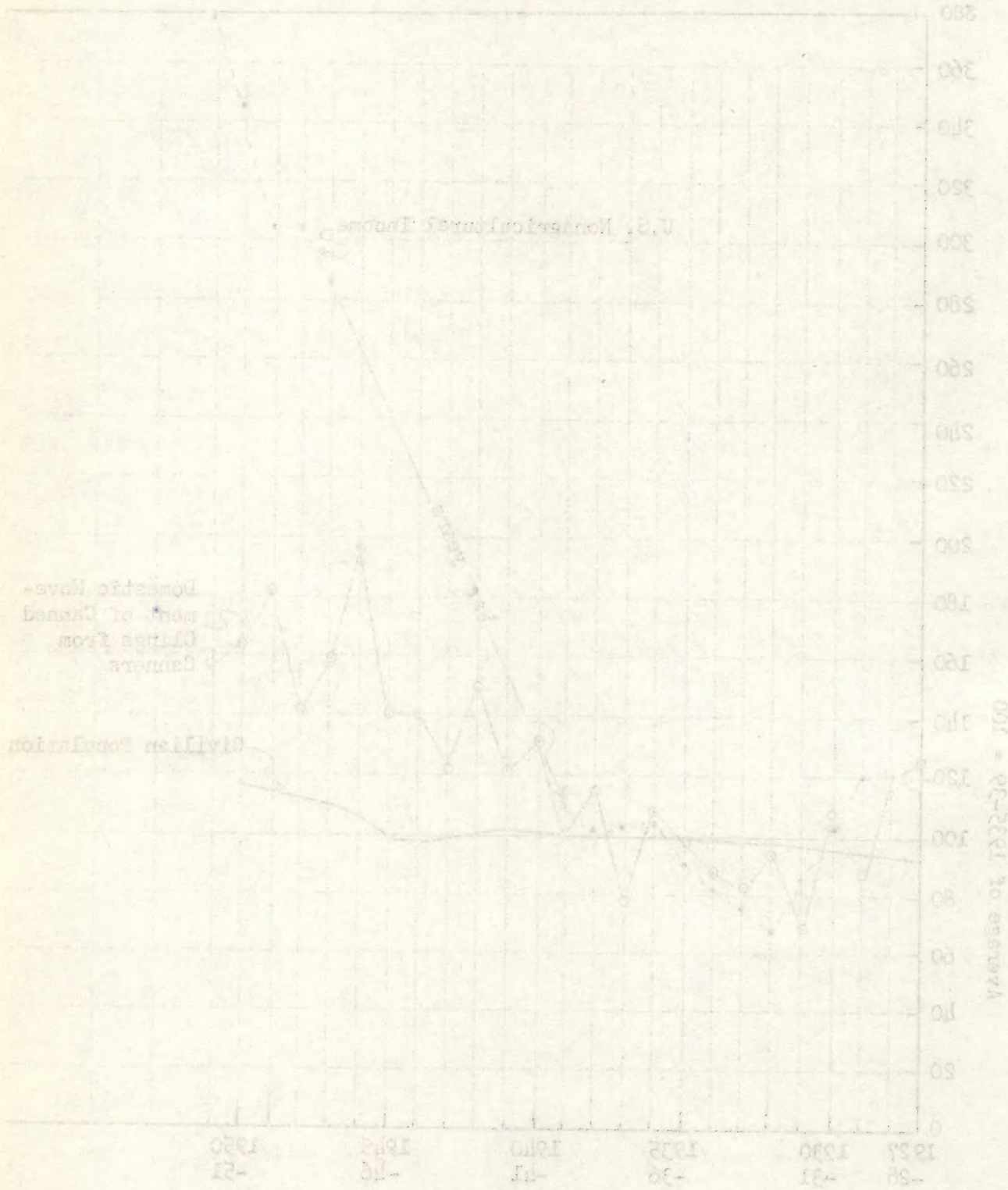


Fig. 8 - Domestic Movement of Canned Citrus from Canners, National Nonagricultural Income, and Civilian Population, from 1927-28 (Indexes, 1925-29 = 100)

In the postwar years, however, the domestic commercial movement of clingstone peaches from canners did not grow to the extent that did national income in money terms.

When domestic commercial movement is compared with civilian population growth, one notes that after the heavy pack and movement years of the late 1920's and 1930-31 the domestic commercial movement grew at a more rapid rate than did population. The national recovery from the depression of the early and middle 1930's brought along with it increased domestic commercial takings of canned clingstone peaches. The experience during the war years is not considered here, since government takings dominated the picture. But in the postwar years, domestic movement averaged considerably higher than in the prewar years. The 1946-47 season--when a record movement occurred--was a special situation; an all-time high production of clings was available for canning and a substantial proportion of canners' shipments went into refilling the supply pipeline from canner to consumer in response to a strong demand buttressed by a record level of income. The movement of the following postwar years was below the level attained in 1946-47. Aside from that year, the postwar trend in domestic movement has been upward and fits in well with the rising trend developed in the prewar years. Also during the postwar years, the population growth increased.

The average situation in the five most recent postwar years, 1947-48 to 1951-52 may be compared with the average situation in 1935-1939 as follows: civilian population up about 15 per cent; U.S. nonagricultural income up 225 per cent; and domestic commercial movement of clings from canners up 60 per cent. Thus compared with the prewar average level, domestic movement of canned cling peaches in the postwar years compared favorably with population growth, but was much less than the growth in national income in money terms. The much expanded national money income, however, reflects price inflation which developed during the war years and continues on through the postwar years.

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